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SIPDIS

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TAGS: [EPET](#) [ENRG](#) [PGOV](#) [EINV](#) [PINR](#) [IZ](#)

SUBJECT: DEPUTY CHAIR OF OIL AND GAS COMMITTEE TALKS OIL

Classified By: Classified by Acting EMIN Michael Dodman, reasons 1.4 (b ,d)

11. (C) Summary: On May 3, Deputy Chair of the Council of Representatives' (COR) Oil and Gas Committee Dr. Abdul-Hadi Al-Hassani told Econoff that the current deals with International Oil Companies (IOC) should be reviewed by the COR, and encouraged the USG to become actively engaged in the Hydrocarbons Legislation (HCL) negotiations. Hassani, who said he is looking for a "way forward" for the Iraqi oil sector, noted that without the USG actively pushing an agenda, the HCL would never be passed. Hassani requested USG assistance in encouraging IOC meetings with COR members. End summary.

Current Deals with International Oil Companies

12. (C) On May 3, Econoff met with Deputy Chair of the COR's Oil and Gas Committee Dr. Abdul-Hadi Al-Hassani to discuss developments in Iraq's oil sector. On several occasions during the last week of April, the Iraqi COR Oil and Gas Committee Secretary Jabir Khalifa Jabir (Fadhila party) stated to media outlets that the committee was going to revoke Shell's 'Heads of Agreement (HOA)', and other contracts signed by the Ministry of Oil (MoO), because they were "unconstitutional." Hassani, however, denied that the statements by Jabir represented the views of the majority of the committee members, expressing his personal belief that the COR should review the contracts, but not necessarily revoke them. (Comment: It is not certain whether the contracts will require COR approval. Saddam-era law, which still presides unless superseded or revoked, required parliamentary approval for all upstream development contracts. End Comment)

Iraq Needs the Hydrocarbons Legislation

13. (C) Hassani stated that Iraq needed to pass the HCL this year, saying that the laws would help assuage most of the concerns of the IOCs. He added that the HCL should be looked at as an economic issue and not a political one. Politics had held up the HCL for two years without resolution, he asserted, and to the detriment of the country. He believes that Iraq should be considered a single entity and not be dealt with as separate parts. Hassani said that the KRG had not shared its contracts with federal authorities, so they could not approve or disapprove the contracts. He affirmed his belief that only the federal government has the authority to sign oil production contracts, as the hydrocarbon resources in the ground belonged to all the Iraqi people. Hassani believes a "proactive and assertive approach" by the U.S. could help move things forward; merely encouraging the two sides to make an agreement would not help. Hassani said that the KRG currently believes the USG will back them on the issue, and therefore, is not willing to compromise.

Moving Forward in the Oil Sector

¶4. (C) Hassani requested that the USG facilitate meetings between major IOCs and the GOI political leadership. These meetings would help the GOI to understand the the IOCs' point of view, thereby facilitating an agreement on the HCL and broader contracting issues. As raised in past meetings with GOI officials, Econoff advised that the GOI might consider hiring petro-consultancy firms.. Hassani said he would welcome receiving a list of firms that could assist Iraq in this effort. He mused that IOCs would want to come to Iraq, even without the HCL, because of the ease of production and large reserves. He said that the terms of the contracts would not hinder the process either because of the IOCs' desire to enter the Iraqi market. Asserting that he "understood oil contracting," he incorrectly stated that the current bid round contracts resembled a Production Sharing Contract (PSC) or Concession Agreement (CA) after the first initial two year phase. When asked, Dr. Hassani said that he would welcome discussions with oil experts about oil systems in other countries and how other nations have developed and managed their hydrocarbon resources.

Comment

¶5. (C) Hassani has some knowledge about oil policy and contracting, but lacks a good grasp of details. While he was well-versed in oil contracting terms, he often used them in the incorrect context.

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